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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re: COPPER KING MINING CORPORATION, Debtor and Debtor-in-Possession.	Case No. 10-51912-GWZ Chapter 11 **DECLARATION OF MARCUS SOUTHWORTH IN SUPPORT OF DEBTOR'S MOTION FOR ENTRY OF AN ORDER AUTHORIZING DEBTOR TO OBTAIN POST-PETITION FINANCING PURSUANT TO 11 U.S.C. § 364 AND RULE 4001 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE** [Request for hearing on shortened notice filed concurrently herewith]

I, MARCUS SOUTHWORTH, HEREBY DECLARE AS FOLLOWS:

1. The facts contained in this declaration are known by me personally and if called to testify, I could and would testify competently to the truth thereto.

2. I am a member of the Board of Directors ("Board") and President of Copper King Mining Corporation ("CKMC") and Western Utah Copper Company ("WUCC"), the debtors herein (collectively, the "Debtors").

3. Until the date of the Debtors' bankruptcy filings, I was also the Chief Executive Officer of the Debtors. In connection with the Board's resolution to commence these cases, I resigned as CEO. The Debtors hired A. John A. Bryan, Jr., through The Watley Group, to take over CEO duties of the Debtors.

4. WUCC was incorporated in mid-2002. Initially, WUCC had two shareholders. These two shareholders contributed to WUCC mining property assets they controlled so that these assets could be exploited. In 2002-2004, WUCC completed a series of mineral leases in order to consolidate their position within the district. WUCC then directed its efforts at moving the project into production in late 2004. Plans for exploration, mining, and processing were developed and sized.

5. In November 2006, WUCC raised approximately $500,000 to pay property taxes due on mineral claims owned by WUCC. In January 2007, WUCC received additional financing in the form of secured loans with a group of individuals and entities with six month maturities in the aggregate face amount of $7.5 million (the "First Lien Loan"). Additional secured loans were made with several individuals and entities through March 2007 in the amount of approximately $4 million (the "Second Lien Loan"). These short term loans were made with expectations that they would be repaid from a $100 million credit line to be provided by Credit Suisse First Boston ("CSFB"), whose proposal was in the form of a term sheet. However, the terms and conditions of

the CSFB facility were rejected and WUCC turned to other lenders in May of 2007. Stillwater Capital, a hedge fund in New York, provided a term sheet. Loan documents were negotiated and agreed to for $55 million in financing. However, in late July 2007, just a few days before closing of this loan, Stillwater informed WUCC that it would not be able to close the transaction because of credit market problems that later developed into the now apparent "credit crunch" and their investors were pulling back their funding commitments. In September of 2007, WUCC began selling its privately held stock. Nearly $5 million of capital was raised in this manner. Another loan was made to WUCC and secured with a third mortgage in the amount of $1 million in October of 2007 (the "Third Lien Loan"). The First, Second and Third Lien Loans were secured by substantially all real and personal property assets of WUCC.

6. In February of 2008, WUCC merged with CPRK, a Nevada corporation, a public company traded on the "Pink Sheets" under the symbol of CPRK. Shares in CPRK were sold and the proceeds invested in WUCC for completion of the concentrator/flotation mill, mining and exploration. During February 2007 to December of 2009, CPRK sold over four billion common shares of CPRK stock that provided aggregate proceeds to the Debtors of $15 million. During that same period of time, other loans were taken out, secured with equipment and other assets which were not already encumbered by the First, Second and Third Lien Loans, in the aggregate amount of $17 million.

7. By December 2009, it became impossible to borrow any more money since all of the Debtors' assets had been pledged as collateral and most of the 5.9 billion authorized shares of CPRK had been sold.

8. I was personally involved in seeking alternative or supplemental financing for the Debtors. I spoke with numerous lenders and investors to obtain such financing on a secured or unsecured basis. Notwithstanding my efforts and those of the Debtors' other management

personnel, we were unable to secure additional financing. This was based, in part, on the fact that although approximately $12 million were borrowed by the Debtors, based on the terms of the financing, including penalties and interest, by November 2009, the obligation increased to approximately $46 million.

9. We also sought to obtain financing which was *parri passu* with the First Lien Loans. Specifically, additional financing of up to $6 million was offered to the Debtors, subject to existing lenders allowing those lenders to share, on a *parri passu* basis, a first priority position on substantially all assets of the Debtors. It was believed at the time that these funds could bring operations to positive cash flow. The existing lenders and the new money lenders were not able to agree on acceptable terms of an intercreditor agreement and, therefore, the financing transaction did not close. As a result, the Debtors were not able to secure sufficient financing to complete their plan to reach positive cash flow.

10. In early May 2010, the First Lien Loan lenders filed a notice of a foreclosure sale of the Debtors' assets. A foreclosure of the Debtors, without operations, would be detrimental to all creditors, including the foreclosing parties. In order to preserve the value of the Debtors' business for the benefit of all creditors and parties in interest, the Debtors determined that the commencement of their bankruptcy cases under Chapter11 of the Bankruptcy Code was necessary and proper.

11. Throughout the period of prior to the bankruptcy filing and after the filing, we continued to search for financing. To date, the only commitment received by the Debtor was that from Altus, which is an affiliate of Empire, one of the Debtors' pre-petition lenders. Based on the prior relationship between the Debtors and Empire, I believe that Altus is in a unique position to offer financing based on the fact that that it is familiar with the Debtors' assets and operations

and share the Debtors' optimistic outlook. To date, we have been unable to obtain a commitment for financing terms which are better than those proposed by Altus.

12. Without funding, the Debtors' operations are at a standstill. I am confident that, with funding to commence operations again, the Debtors will be able to continue drilling and operations which will result in identifying "Measured" reserves, which are critical in order to allow the Debtor to obtain additional funding and investment in the future.

13. The Hatch report, relevant pages of which are attached hereto as Exhibit "A", includes a detail independent analysis of the Debtors' holdings. The report is very promising in that it indicates substantial reserves on the Debtors' holdings. However, the vast majority of such reserves are either "Indicated" or "Inferred" but not "Measured". Based on my investigation and efforts to date, lenders and investors place little or no value on "Indicated" or "Inferred reserves. The Debtors, therefore, must be able to continue with their drilling efforts in order to achieve "Measured" status. Once this is achieved, I am confident that the value of the Debtors' assets will increase exponentially since the market will now officially recognize the Debtors' holdings.

14. In order to achieve such categorization, the Debtors require funding, which Altus has agreed to provide. For example, the Debtors intend to spend approximately $2.3 million of the initial $5 million funding to continue drilling at the "Sunrise" site. As set forth on page 39 of the Hatch report, the "Sunrise" site contains "Indicated" reserves of approximately 294,000 tons of high grade (2.72%) copper. I am confident that the foregoing will be sufficient to complete all necessary drilling and inspections at the "Sunrise" site in order to move into the "Measured" category. This will immediately result in an exponential increase in value of the Debtors' assets.

15. A large portion of the balance of the initial funding is devoted to the upgrade to the floatation mill so that mined ore can be processed more efficiently.

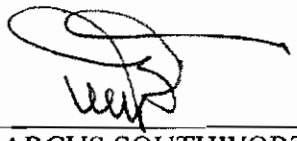
16. In addition to general operations, critical issues exist which must be addressed immediately to avoid irreparable harm to the Debtors and all creditors. For example, the Debtors' reclamation bond is due for renewal or it will be cancelled, at a cost of approximately $18,000. Additionally, without funding, security at the Debtors' holdings is inadequate and may result in theft of valuable property, concentrate and equipment or result in injury. Immediate funding is necessary in order to address these concerns.

17. I am absolutely certain that the foregoing expenditures will increase the value of the Debtors' estates by multiples of the $5 million funding. Once the Debtors obtain additional funding, up to the anticipated $15 million level, the value will further increase.

18. In addition, the Debtors have instituted significant changes to enhance future operations. Specifically, the Debtors have employed, and continue to employ, industry experts as employees and consultants to better assist the Debtors in their reorganization efforts.

19. Based on the foregoing, I believe that the financing will not only result in adequate protection of all secured creditors, but, in fact, will greatly enhance the security position of such creditors.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 31st day of May, 2010, at Salt Lake City, Utah.



MARCUS SOUTHWORTH

EXHIBIT A

HATCH™

Western Utah Copper Co.

Overview Due Diligence Review of Western Utah Copper

Report

Rev 1

H-328548

Aril 8, 2008

Western Utah Copper Co.
Overview Due Diligence Review of Western Utah Copper

Report

Prepared by: R. Duinker — April 8, 2008 (Date)

Approvals

Hatch

Approved by: G. Traquair — April 8, 2008 (Date)

Western Utah Copper Co.

Approved by: M. Dotson — April 8, 2008 (Date)

Distribution List

WUCC
M. Dotson
R. Wunderlich

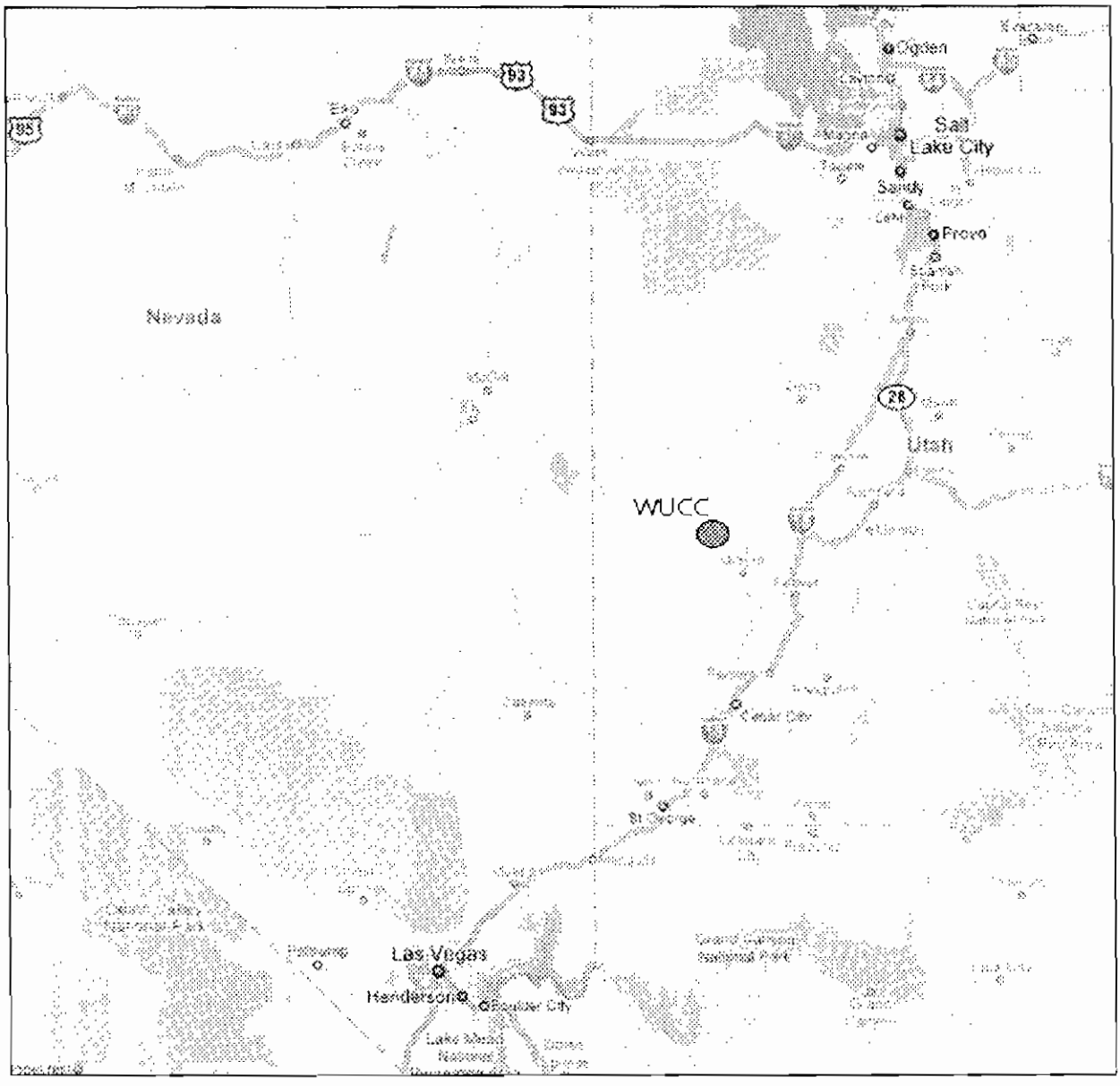
Hatch Team

2. *Executive Summary*

2.1 Background

Hatch Consulting (Hatch) has been retained by Western Utah Copper Company (WUCC) to complete a review of its copper project (the "Project") in the Milford district of Beaver County, Utah. The WUCC property is located approximately 15 kilometers northeast of the town of Milford in Beaver County, Utah, as shown in Figure 2-1 below.

Figure 2-1: WUCC property location



The purpose of this report is to outline the assessment of the potential economics of the WUCC Project, the current status, how it is being developed and to identify potential gaps and what risks they present. In addition, the Hatch mandate includes identification of further work or activities which should be addressed as part of the ongoing program with agreed milestones for the Project. Verification of the legal basis for land and mineral titles, mining rights and existing contracts and agreements for the project, including actions required to maintain titles, concessions, rights and leases in force over the period of the Project are excluded from Hatch's scope of work.

WUCC has reportedly consolidated the mining claims for a large number of the formerly productive copper deposits in Beaver County into one 75 square mile property. While each of the deposits individually may be insufficient to support the capital expenditures required for a copper processing project, WUCC believes that having access to several deposits will make the project economically viable. They plan to mine ore from several deposits to produce copper concentrate at a single processing plant.

There has been intermittent mining of the some of the deposits for more than 100 years, and several reports considering further development have been completed. The main reports reviewed by Hatch include the 2005 Technical Report by Mine Development Associates (MDA), the 1998 Nevada Star Resources Corporation Feasibility Study and the 1980 Peter Joralemon Report.

The deposits that WUCC plans to develop or explore further are summarized in Table 2-1.

Table 2-1: WUCC development and exploration targets

Pit	Ore (kt)	Potentially Mineable Ore (kt) a	Ore Grade* (%Cu)	Overburden (kt) b	Waste Rock (kt) c	Total (kt) a+b+c	Strip Ratio (b+c)/a	Cu Contained (klb)	Assumed Recovery	Cu in Concentrate (klb)	Magnetite Indicated	Possible Precious Metals	Notes
Primary deposit, prestripping ongoing, mine design complete, drilling considered complete by WUCC management													
1) Hidden Treasure	856	831	1.70	150	3,123	4,104	3.9	28,277	65%	18,380	Y	Y	MDA indicated resource 1998 (Previously Mined)
Primary deposit for almost immediate exploitation, mine design incomplete, drilling required, no prestripping													
2) Copper Ranch	322	226	1.13	305	470	1,000	3.4	5,096	65%	3,313	Y	Y	MDA indicated resource 1998 (Previously Mined)
3) Maria	614	430	1.13	367	1,455	2,252	4.2	9,709	65%	6,311	Y	Y	MDA indicated resource 1998
4) OK	1,318	1,020	0.77	-	2,188	3,207	2.1	15,702	65%	10,206	Y		MDA indicated resource 1998 (Previously Mined)
Subtotal	2,254	1,675	0.91	672	4,113	6,459		30,507		19,830			
Short term exploration potential: minimal initial drilling complete, more drilling required to develop resource and reserve estimate, preliminary mine design based on limited information only mine design required to be completed													
5) Candy B & Candy B East		11,600	0.82	38,300	39,200	89,100	6.7	190,240	65%	123,656	Y	Y	WUCC estimate based on initial drilling
Medium term exploration potential: subject of older analysis and definition, historical drilling, extensive drilling and exploration required													
6) Sunrise	294		2.72					15,994				Y	Historic "indicated resource" (Joralemon)
7) Valley Copper	44,564		1.27					1,131,926			Y		Historic "inferred resource" (Joralemon)
8) Bawana & Extension	441		1.88					16,582				Y	Historic "mesured and indicated resource"
9) Bawana & Extension	760		1.82					27,664				Y	Historic "inferred resource" (Previously Mined)
10) Mary I	1,100		0.35					7,590					Historic "measured and indicated resource"
Subtotal	47,159		1.27					1,199,755					
Long term exploration potential, magnetic anomoly, some previous mining activity													
11) Old Hickory								-			Y	Y	Magnetic anomoly (Previously Mined)
12) Big Wash											Y		Magnetic anomoly
Exploration target, long term exploration potential: classified as exploration target based on a mixture of preliminary sampling and some historical drilling, some targets have no recorded attributes													
13) Cactus													Previously mined

* Potentially mineable ore grade where applicable

WUCC has indicated that they believe there is potential for substantially higher volumes than shown in the table for Copper Ranch, Old Hickory, Hidden Treasure (East) and Sunrise. They have also identified the following as potential targets:

- RH-12 mine shaft
- Niagara Nose
- Gate Target SE (very short distance from Candy B)

In addition to the deposits and targets shown in the table above, there is a strong, as yet untested, magnetic anomaly called the "Southwest Valley Mag Anomaly". There is the possibility of further mineralized discoveries in this area that could add significant life and increase the economic potential of the Project.

Some of the key advantages of this Project include:

- Several copper deposits to support production, as well as potential deposits belonging to the same system that have been identified but have little definition
- The mill is partially built and is expected to be ready for production by June, 2008 – this presents a good opportunity to take advantage of current high metals prices
- A Project location that has a history of mining
- Opportunities for improved economics with increased characterization of magnetite, gold and silver in the ore
- The base case described uses mostly standard, proven technology

As a Project base case, Hatch has considered open pit mining of Hidden Treasure, Copper Ranch, Maria and OK and processing of the ore from these deposits into copper concentrate. These four deposits have been chosen for the base case because they are the most well defined deposits, and are the only ones with indicated resources in the MDA report. Other scenarios considered, at this point representing upside potential, include recovery of magnetite and precious metals and mining from additional deposits.

There is the potential to improve Project economics with optimization of pit sequence. The pit development order can be changed if exploration and testing work show that a different sequence is economically superior. If exploration and development work proves sufficient reserves, additional production capacity could also be considered in the future.

A summary for each of the Project areas reviewed is provided below.

2.2 Recent History

WUCC reported that in 2002 they agreed with Nevada Star Resources to acquire all of their assets in the Milford mineral Belt. The agreement stipulated that WUCC would put the property into production within 3 years, or November, 2006. WUCC and Nevada Star Resources agreed to an extension to the agreement. WUCC now has until November 2008 to be in production.

In November of 2003 WUCC entered into a JV with Palladon Ventures LTD to provide funding to place the project into production, and to secure the support of Don Foot, a retired research scientist from the US Bureau of Mines and a specialist with experience in flotation. Don Foot's experience complemented the expertise of Mark Dotson, a design-build contractor with experience in crusher system designs and grinding systems. After 2 years, Palladon was not able to supply funding as anticipated by WUCC and is no longer part of the WUCC project.

WUCC has been following an accelerated schedule to conform to the requirement to get production as per the Nevada Star agreement, which combined with a lack of funding have been constraints. According to WUCC, this is why a typical development schedule has not been followed.

2.3 Geology

Historic reserves on the WUCC property do not conform to NI 43-101 and CIM guidelines; however, in 1998 MDA prepared resource estimates for some of the deposits as part of a Feasibility Study completed for Nevada Star. Following a program of drilling by Nevada Star to confirm previous (historical) drilling results, resource statements were republished by MDA in their 2005 Technical Report. During this test program, five diamond core and 39 reverse circulation (RC) holes were drilled. MDA were satisfied with the correlation of assays from the new holes to historic data. As a result, MDA prepared the 43-101 statements of Indicated Resources for four deposits, as provided in Table 2-2, using the data available at that time.

Table 2-2: Indicated Resources prepared by MDA, 1998

Deposit	Cutoff Cu%	Indicated Resource short tons ('000)	Cu%	Total Cu lb ('000)
Hidden Treasure	0.40	856	1.79	30,662
Maria	0.40	614	1.25	15,397
Copper Ranch	0.40	322	1.13	7,313
OK Mine	0.40	1,318	0.75	19,770
Totals	*0.40*	*3,110*	*1.18*	*73,141*

Another deposit being considered by WUCC is Candy B. While Candy B does not have a NI 43-101 resource or reserve statement, much of the recent exploration budget has been expended on drilling this deposit. It has been prioritised as a target to be brought into production once the Hidden Treasure reserve has been exhausted.

The plan to mine Candy B immediately after Hidden Treasure presents a schedule risk because of the amount of drilling, analysis and pre-stripping involved. A plan that appears to present less schedule risk is to develop Copper Ranch, Maria and OK (in that order) after Hidden Treasure.

There are at least 12 other potential exploration targets with varying degrees of definition, from "historic resources" to magnetic anomalies, suggesting copper mineralization. These are reviewed in some detail in Section 4 of this report.

The **key risks** identified with respect to geology and exploration include:

- Schedule – even with the lower risk sequence of deposits described above, the drilling schedule (required to allow uninterrupted feed to the mill) is aggressive
    - This risk can be mitigated by securing drills and beginning exploration immediately

- Staffing – based on the current plan WUCC will need to hire four new drill crews and have them ready to operate within a few months
    - This risk can be mitigated by identifying personnel immediately

2.4 Mining

Mine Development Associates (MDA) developed open pit plans and mine reserves (as accepted under 1998 standards – none of the reserves are estimated to currently acceptable standards such as NI 43-101 or JORC) for the Hidden Treasure, Maria, Copper Ranch and OK pits as part of the Western States Engineering (WSE), December, 1998 Feasibility Study.

WUCC has recently revised the Hidden Treasure pit plans. Minor amounts of ore have already been encountered and stockpiled. Current economic conditions were not taken into account in the design of the revised Hidden Treasure pit.

Revised mine plans for the other deposits are to be completed after sufficient drilling has taken place. In planning and designing these pits, it is recommended that WUCC use pit optimization software and take into account current economic conditions.

The resources shown in Table 2-3 are based on detailed pit designs developed by MDA in 1998.

Table 2-3: Mine Resources (MDA 1998)

Pit	Ore (kt)	Grade (%Cu)	Overburden (kt)	Waste (kt)	Total (kt)	Strip Ratio
Hidden Treasure	759	1.80	735	1848	3341	3.4
OK	1,020	0.77	0	2,188	3,207	2.1
Maria	430	1.13	367	1,455	2,252	4.2
Copper Ranch	226	1.13	305	470	1,000	3.4
Stockpiles	565	0.73	-	-	565	-
Total	2,998	1.10	1,407	5,960	10,365	2.5

The Hidden Treasure Pit has been redesigned by WUCC to increase the haul road width to 60ft with a maximum grade of 8% and to increase bench operating width to better accommodate the mining operation. This redesign added 19% of additional waste to the pit. Waste stripping and a small amount of ore stockpiling began in June 2007 and the remaining material, as of January 2, 2008, is shown in Table 2-4.

Before the other pits can be redesigned additional drilling is required. Drill hole composite length should be increased to 30ft (from MDA's 10ft) and the block size of the geologic model should be increased to 30ft x 30ft x 30ft (from MDA's 10ft x 10ft x 10ft). These redesigns have not been completed so this analysis considers an added 19% of additional waste to the AMD pits in an effort to duplicate the WUCC Hidden Treasure Pit design parameters. There is not sufficient information available to make revisions to ore loss and dilution caused by the recommended larger selective mining units.

The old stockpiles have also been taken out of the Table 2-4 resources as it is likely that they will have oxidized to the point where the stockpiled material will not be economic to process.

Table 2-4: Redesigned Pit Resources as of January 2, 2008

Pit	Ore (kt)	Grade (%Cu)	Overburden (kt)	Waste (kt)	Total (kt)	Strip Ratio
Hidden Treasure	831	1.68	100	3,183	4,114	4.0
OK	1,020	0.77	0	2,603	3,623	2.6
Maria	430	1.13	437	1,731	2,598	5.0
Copper Ranch	226	1.13	363	559	1,147	4.1
Total	2,505	1.17	900	8,077	11,482	3.6

- The ore volumes shown above could supply the mill for more than three years at the required rate of 2,400 tpd
- The current mine is an open pit truck loader operation using Caterpillar 773 60-ton trucks and a Caterpillar 992 front-end-loader operating on a 45 foot bench. This is standard, well proven technology and therefore poses little risk to the operation
- To date WUCC has purchased good used equipment with low operating hours. This has proved successful as the observed mechanical availability and operating costs are well within the norm. Hatch recommends that this practice be continued in the future

The **key risks** identified with respect to mining include:

- Schedule risk – if the drilling is delayed there may not be enough time to design and permit the mines to keep production uninterrupted
  - This risk can be mitigated by working closely with the exploration team to get initial information early
- Staffing/training – especially with the requirement to add expertise in computer mine modeling software, to support chief geologist Dave Hartshorne
  - This risk can be mitigated by identifying and approaching potential candidates as soon as possible

2.5 Mineral Processing

The main focus of current project development effort is toward construction of a flotation based mill, which is considered the base case in this report. Potential exists for production of copper by leaching followed by solvent extraction and electrowinning (SX/EW), however, a key factor in determining the viability of this process route appears to be the availability of an existing, used SX/EW plant. WUCC is currently looking for an existing plant and so this option is not being considered as part of the base case.

In 2007, Hatch was commissioned by WUCC to provide technical assistance, specifically for the review of the flotation-based process plant. A key finding of the previous review was that no firm basis for plant design had been established through metallurgical testing. This situation still exists, although investigative testing of flotation has been conducted. It should therefore be recognized that additional testing is required to confirm expected plant performance.

Given the advanced state of construction of the plant and other commitments, comprehensive testing aimed at optimization and generation of plant design parameters may be ineffective, unless the schedule for production start-up is delayed significantly.

If the selected approach to project development is completion of the plant with production starting by mid-2008, it is recommended that metallurgical testing be aimed at proving only broad concepts and providing an economic basis for the project. Optimization of the process would be performed only after the plant is operating and providing results. The operating results would form the basis on which modification to operating conditions and/ or physical plant could be made.

For the purposes of this review, plant performance parameters were assumed base on:

- Conformance to plant and equipment purchased by WUCC
- Historical plant operational data for ores from the region
- Experience with mineralogically similar ores

The **key risks** identified with respect to mineral processing include:

- Plant performance not as planned, for example lower recovery rates or higher operating costs than currently expected
  - This risk can be mitigated with additional metallurgical testing of representative samples and update of process design basis
- Capital cost could increase from what is currently expected
  - This risk can be mitigated with sufficient engineering work to allow an appropriate capital cost estimate to be completed

2.6 Infrastructure

The Black Rock District basin or sub-basins are intended to be the groundwater sources for the Project. WUCC currently has appropriations of water for approximately 640 gpm in their four water rights licenses in the Black Rock district (sub-basin), which, if economically available, should be sufficient to meet the 600 to 800 gprn mill requirements. Expiration dates for the licenses range from 2012 to 2017. The Region Engineer states that there is insufficient data to determine the amount of water that is available in the Black Rock district. A water well drilling program is currently underway to confirm availability of groundwater for the Project.

The required power for the Project will be supplied by Rocky Mountain Power (RMP), a division of PacifiCorp. Based on the review of available documents, no major risks were identified with respect to power.

WUCC plans to build a rail siding in order to allow rail transportation of its iron concentrate. The copper concentrate will be shipped by truck. Considering the current Project base case (which does not include iron concentrate), the rail option should be studied in more detail. After further testing of the ore to determine the magnetite content and characteristics and a brief study of the markets, the final decision on the rail siding should be made. The cost for the rail siding (provided by WUCC) is included in the economic scenarios with iron ore production.

The **key risks** identified with respect to infrastructure include:

- Water availability

- This risk can be mitigated through the ongoing drilling program and identification of a water source

2.7 Environmental and permitting

A Phase 1 Environmental Site Assessment conducted by JBR Consultants concluded that there were no significant environmental concerns with WUCC's Hidden Treasure and OK mine sites. Several sealed and unsealed containers for storage of hydrocarbon fluids and/or oils were observed on-site which showed signs of hydrocarbon staining on the ground surface. A storage truck also indicated signs of hydrocarbon leakage. It is unknown how the subsurface environment has been impacted by these releases. The extent of any potential hydrocarbon impacts on the site is unknown.

Much of the permitting is in place or is in progress and considered low risk at this time. An exception is a Phase 2 air quality permit for mine operations. According to the Utah Department of Environmental Quality Division of Air Quality (DAQ), a Phase 2 Air Quality Permit is needed and could take four to five months for approval. WUCC's understanding is that they do not need a Phase 2 permit and they have not applied for it.

The **key risks** identified with respect to environmental and permitting include:

- Phase 2 air quality permit could delay schedule
  - WUCC should contact DAQ directly to clarify the requirements for a Phase 2 permit in order to mitigate this risk

2.8 Project Execution

Based on review of the documents received and discussions with WUCC, Project execution likely represents one of the key Project risks.

WUCC does not have a current, comprehensive Project schedule incorporating drilling/exploration, mill construction and mine and plant production. Based on discussions with WUCC personnel, a preliminary indicative schedule was developed (see Appendix A.5) which can be used as a guideline in developing an appropriate, critical path schedule.

WUCC management needs assistance with the overall Project Management to allow each of them to focus on their area of expertise. When the project is funded, an experienced Project Manager should be hired to support Mark Dotson and his team.

The **key risks** identified with respect to project execution include:

- Schedule – including, as described in previous sections, permitting (especially phase 2 air permit) and drilling
  - Mitigation is discussed in previous sections
- Staffing/training – especially hiring of project management personnel to support current management as the project ramps up
  - Identifying and approaching potential candidates immediately can help to mitigate this risk

- Key personnel – Mark Dotson is responsible for taking the Project to its current level of development; if Mark is not available to implement the Project, there is a high risk that it will not succeed
    - This risk can be mitigated through the hiring of additional management along with more formal written procedures and plans, when funding is available

2.9 Capital Costs

WUCC provided a summary of capital cost estimates on January 29, 2008. This summary included cost spent, estimated investment required to complete construction and capital required for financial restructuring transactions. On February 11, 2008, Hatch was provided with WUCC's financial statements compiled by Hansen, Barnett & Maxwell dated January 22, 2008. Some inconsistencies exist between the two sources of information on capital costs and no definitive version was provided. Table 2-5 summarizes an interpretation of the actual project capital costs (excluding all capital restructuring costs) and capital cost estimates from these two sources of information and includes comments and comparables.

It should be noted that WUCC has not developed a reliable estimate of what the final costs of the project will be. WUCC is largely using used equipment, and prices for such equipment can vary significantly from what would be expected for a new plant depending on availability. Hatch was not provided with an engineered estimate of the capital costs by WUCC (including material take-offs, labor & commodity requirements and unit costs) to verify the capital budget cost estimate.

The **key risks** identified with respect to capital costs include:

- Rework: The plant is being built before completing mineralogical test work. Corrections could be required to incorporate final results
    - This risk can be mitigated by accelerating test work prior to plant completion
- Escalation: Escalation of labor and material costs has been a common challenge facing the mining industry and could increase capital costs
    - This risk can be mitigated by thorough planning and appropriate contract structures to provide incentives to prevent cost escalation
- Availability of used equipment: WUCC has relied on purchasing used equipment to maintain low capital costs. Lack of availability of used equipment could increase capital costs above estimates
    - This risk can be mitigated through a well planned procurement strategy to ensure equipment costs are within estimates

The financial model for the project is based on a number of critical assumptions, including:

- Sales revenues over the life of the deposits were based on estimated production volumes of copper and iron ore concentrate and assumed price forecasts
- Total production costs were based on preliminary estimates for unit production costs and process performance parameters
- Capital estimates were based on capital spending assumptions provided by WUCC with some minor adjustments

The **key risks** identified with respect to Project economics include:

- Price: The copper price represents both a significant risk and opportunity to the project
  - This risk can be mitigated by hedging in the forward markets to lock in current high prices
- Magnetite and precious metals: The economics of the project are significantly dependant on the ability to sell magnetite and receive precious metals credits
  - This risk can be mitigated with mineralogical testing to better determine the ability to recover magnetite and precious metals
- Mill Throughput: The project economics are significantly impacted by production throughput of the mills
  - This risk can be mitigated with mineralogical testing to better determine the ore properties and therefore the mills throughput

2.11 Recommendations

In order to provide greater confidence in the economics, more exploration, testing, design and engineering needs to be completed. Under normal circumstances, this would be done prior to mining and plant construction. WUCC is carefully managing the exploration, testing, etc pending funding. Given the current financing structure at WUCC, it may not be feasible to delay production. WUCC is planning to complete the mining and plant construction in parallel with ongoing exploration, testing, design and engineering and the recommendations are based on this scenario.

The subsequent sections of this report provide recommendations for each Project area reviewed. The key recommendations are summarized in Table 2-8, along with indicative costs and start/finish dates where appropriate.

All future exploration and testing work should consider precious metals and magnetite in addition to copper. With current prices, credits for these could provide a substantial contribution to the Project economics.

Some of the recommendations include the hire of new staff. It should be noted that the mining industry is currently overheated, and it will be a challenge to attract and retain qualified staff.

Table 2-8: Summary of recommendations

Area	Indicative cost ($) (a = annual)		Proposed start	Target completion
Geology/Exploration				
1 drilling preparation				
purchase & recondition RC drill rigs	2,000,000		immediate	May-08
crew for rigs	1,440,000	a	staged, immediate	
2 drilling				
Copper Ranch	125,000		Jun-08	Nov-08
Maria	375,000		Sep-08	Mar-09
OK Mine	375,000		Dec-08	Jun-09
Candy B	1,000,000		Jun-08	May-09
exploration drilling other deposits	3,250,000		2009	2012
geotechnical	1,125,000		staged, immediate	
3 computer software (eg, Surpac)				
geology/engineering licence	33,000		immediate	Feb-08
software maintenance	6,000	a	immediate	Feb-08
full engineering licence, inc u/g	42,000		with new staff	
software maintenance	8,000	a	with new staff	
4 computer hardware	4,000		immediate	Feb-08
5 hire junior (graduate) geologist	50,000	a	immediate	Feb-08
6 compile data (incl historic)	incl above		immediate	ongoing
7 Qualified Person for resources to code (could be in-house or consulant)	120,000	a	immediate	
Mining				
8 mine planning/design				
hire senior mine engineer with mine software expertise to support chief geologist Dave Hartshorne	120,000	a	immediate	
purchase mine modeling software	as per geology		immediate	
mine plan Copper Ranch	incl above		Nov-08	Feb-09
mine plan Maria	incl above		Feb-09	May-09
mine plan OK	incl above		May-09	Aug-09
mine plan Candy B	incl above		Sep-09	Dec-09
Processing				
10 additional metallurgical testing	200,000		immediate	Mar-08
11 update process design basis	incl above		immediate	Mar-08
12 hire consulting engineering firm	500,000		immediate	
13 update engineering and estimate	incl above		Feb-08	May-08
Infrastructure				
14 drill for water	250,000		immediate	Feb-08
Environmental/Permitting				
16 phase 2 air permit	0		immediate	May-08
Project execution				
17 hire project manager	120,000	a	immediate	

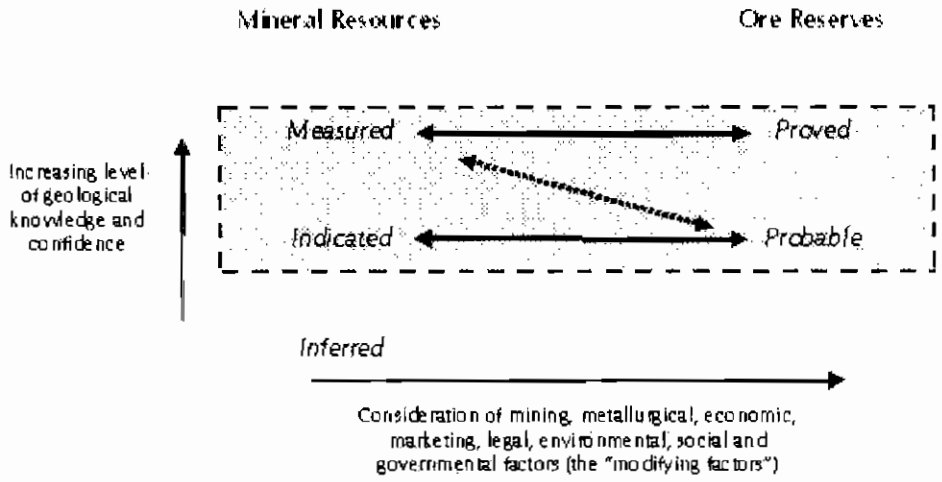
WUCC is actively seeking additional help. They have been advertising since October 2007 for a junior geologist and have been in discussions with a senior geologist from Reno to help Dave Hartshorne. They also report that they had a full time consultant until November 2007 when he retired, and that his replacement is being interviewed.

Resource and Reserve definitions. Mineral Resources should be defined, quantified and reported as Measured, Indicated and Inferred using industry standard definitions, terminology, methods and descriptions. Standard protocol dictates that combined Measured and Indicated Resources are not typically reported without listing values for each resource category individually.

Ore Reserves are those Measured or Indicated Mineral Resources that are known to be economically feasible for extraction. Inferred Mineral Resources may not be reclassified as Ore Reserves. Once a Mineral Resource is classified as an Ore Reserve, it becomes an economic entity and, as such, is viewed as an asset upon which loans and equity can be drawn in order to pay for its extraction, at a profit.

Reserves are classified and reported in Proved and Probable categories. The conversion of Mineral Resources into Ore Reserves requires application of certain modifying factors, including mining, metallurgy, economic, marketing, legal, environmental, social and governmental considerations. Measured Mineral Resources may convert to either Proved Ore Reserves or Probable Ore Reserves. (Some Measured Mineral Resources may be converted to Probable Ore Reserves due to uncertainties associated with some or all of the modifying factors which are taken into account in the conversion process.) Figure 4-3 describes this relationship.

Figure 4-3: General relationship between Mineral Resources and Ore Reserves



Source: 2004 JORC Code

Full definitions of Resources and Reserves are laid out in the provisions adopted in December 2005 by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). These are provided in Appendix B.

4.5.2 *Requirements for NI 43-101 reporting Resources and Reserves*

National Instrument 43-101 (NI 43-101) is a rule developed by the Canadian Securities Administrators (CSA) and administered by the provincial securities commissions. The rule governs how issuers of shares on a public exchange disclose scientific and technical information about their mineral projects to investors. The Instrument covers oral statements, written documents and websites and requires that all

disclosure be based on advice by a "qualified person" and in some circumstances that the person be independent of the issuer and the property.

As the rules apply to disclosure of information for publicly listed companies, WUCC is therefore under no obligation to follow the guidelines; however, it is considered good industry practice to follow the guidelines and may be deemed necessary for future financing terms.

The full requirements are provided in Appendix C. Of these, the key requirements of immediate relevance to WUCC are as follows:

- **qualified person** – for all reporting matters, information must be signed off by a qualified person (QP). The QP is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development/operation, mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member in good standing of a professional association
- **reporting reserves** – for mine planning and production purposes, the economic viability of production must be demonstrated by a feasibility study

4.5.3 *Data source*

Data used by MDA in completing their resource modeling for WUCC came from four sources, namely Nevada Star's drilling program (1998), Centurion's historic database for the OK Mine, Cortex's drilling (1995 and 1996) and the 1980 report authored by Joralemon. No drilling from WUCC's exploration programs since 1998 are included within the resource statements, which were reissued by MDA in their 2005 Technical Report for Palladon.

Due to gaps and omissions within the historic data, all resources were reclassified as Indicated, rather than Measured and Indicated.

4.5.4 *Western Utah Copper Company Resources*

Historic reserves on the WUCC property do not conform to NI 43-101 and CIM guidelines; however, in 1998 MDA prepared resource estimates for some deposits as part of a Feasibility Study completed for Nevada Star. Following a program of drilling by Nevada Star to confirm previous (historical) drilling results, resource statements were republished by MDA in their 2005 Technical Report for Palladon. During this test program, five diamond core and 39 reverse circulation (RC) holes were drilled. MDA were satisfied with the correlation of assays from the new holes to historic data. As a result, MDA prepared the NI 43-101 statements of Indicated Resources for four deposits, as provided in Table 4-1 below, using the historic data available at that time.

Table 4-1: Indicated Resources prepared by MDA, 1998

Deposit	Cutoff Cu%	Indicated Resource short tons ('000)	Cu%	Total Cu lb ('000)
Hidden Treasure	0.40	856	1.79	30,662
	0.60	828	1.84	30,398
	1.00	775	1.90	29,500
Maria	0.40	614	1.25	15,397
	0.60	569	1.31	14,937
	1.00	417	1.49	12,404
Copper Ranch	0.40	322	1.13	7,313
	0.60	293	1.20	7,010
	1.00	195	1.40	5,461
OK Mine	0.40	1,318	0.75	19,770
	0.60	724	0.97	14,046
	1.00	268	1.32	7,075
Totals	*0.40*	*3,110*	*1.18*	*73,141*
	0.60	*2,413*	*1.38*	*66,390*
	1.00	*1,655*	*1.64*	*54,440*

Inferred Resources, as prepared by MDA in 1998, are provided in Table 4-2 below. These numbers represent the additional ore that is potentially available and which could be added to the Indicated Resource, and hence brought into reserve category, once further drilling, test work and modelling has been completed.

Table 4-2: Inferred Resources prepared by MDA, 1998

Deposit	Cutoff Cu%	Inferred Resource short tons ('000)	Cu%	Total Cu lb ('000)
Hidden Treasure	0.00	9	1.78	312
Maria	0.00	25	1.25	631
Copper Ranch	0.00	14	1.13	315
OK Mine	0.00	0	0.24	0
Totals	*0.00*	*48*	*1.31*	*1,259*

Descriptions of each of the main deposits are provided below.

Hidden Treasure

Hidden Treasure is a copper, gold, tungsten, molybdenum and magnetite-bearing skarn with appreciable iron contained as magnetite. It is located on the western flank of the low-lying Rocky Range of hills.

The orebody was discovered through the drilling of a strong magnetic anomoly. Mineralisation occurs in silicified limestone and skarn lying directly above the contact with monzanitic base rocks. The narrow, tabular ore zone dips generally to the south.

Historic mining efforts were halted due to the high acid consumption exhibited by the carbonate-rich ore, processed originally by leaching.

The quoted, "Indicated Resource" at a 0.4% copper cutoff (Table 4-1) is 856,000 short tons at an average grade of 1.79% copper. Based on these figures, this amounts to approximately 30.7 million pounds of total contained copper.

Maria

The Maria deposit is a skarn located trending northwest and dipping steeply to the southwest. It is underlain by monzonite, as seen with all mineralization discovered in the MMB. The orebody, prior to historic mining, was overlain by overburden and is identified by a magnetic anomaly. The ore is largely copper oxide mineralization with residual sulfides, mainly chalcopyrite and bornite, with molybdenum and magnetite. There is also a significant silver component to the system, with historic grades reported to two ounces per ton.

Maria has been drilled extensively by the American Mining Company. The orebody appears to be tabular with a vein-like section. It appears to extend approximately 1,200 feet along strike, corresponding to the geophysical anomaly.

The quoted, "Indicated Resource" at a 0.4% copper cutoff (Table 4-1) is 614,000 short tons at an average grade of 1.13% copper. Based on these figures, this amounts to approximately 13.9 million pounds of total contained copper.

It is anticipated by WUCC that the existing open pit will allow access to be developed to exploit the remainder of the deposit through underground mining methods.

Copper Ranch

The Copper Ranch deposit lies on a low hill two miles west of Hidden Treasure. The deposit is a flat-lying copper-tungsten-magnetite skarn lying on a gently north-dipping monzonite base. Weak copper mineralization outcrops and limited underground workings from the early 20th Century produced minimal ore. Grades of up to 5% copper have reportedly been intersected in historic drilling.

The quoted, "Indicated Resource" at a 0.4% copper cutoff (Table 4-1) is 322,000 short tons at an average grade of 1.79% copper. Based on these figures, this amounts to approximately 11.5 million pounds of total contained copper.

The preliminary mine plan shows extraction of the entire, relatively small resource from an open pit.

OK Mine

The OK deposit lies some distance to the north of the Hidden Treasure deposit; it is separated both spatially and genetically. It has the characteristic of being a quartz-rich breccia pipe contained within granodiorite or monzonite. Copper and molybdenum mineralization is found within the pipe itself, in veins and disseminated between the veins. High-grade portions of the deposit have been exploited historically by two underground levels and an elongate open pit. Mineralization extends well below the current floor of the pit.

Oxide copper mineralization is common, particularly in the pit, and there are accounts of poor historic recovery.

The quoted, "Indicated Resource" at a 0.4% copper cutoff (Table 4-1) is 1.3 million short tons at an average grade of 0.75% copper. Based on these figures, this amounts to approximately 19.5 million pounds of total contained copper.

While WUCC would prefer to postpone mining this lower-grade deposit until an SX-EW plant is in place, the purchase of a used SX-EW plant has been delayed. The deposit is accessible to further open pit development and is very close to the plant. It is felt that this deposit would be amenable to near-term mining at low cost to cover any potential short-fall of ROM ore while other deposits are drilled to reserve status.

Candy B

While Candy B does not have a 43-101 resource or reserve statement, much of the recent exploration budget has been expended on drilling this deposit. It has been prioritised as the first target to be brought into production once the Hidden Treasure reserve has been exhausted.

The area is defined roughly by a 1000 ft magnetic anomoly, striking northwest parallel to the other ore bodies in the MMB. While much attention has been payed to this deposit, the geology, grade distribution and overall resource are poorly understood.

WUCC has drilled approximately 30 vertical RC holes into the deposit but have yet to define the full extents of copper mineralisation. As such, much additional drilling, interpretation, modelling and test work is required before the resource may be exploited at a low risk. This additional work is required to prove up the resource and to perform adequate mine design and planning.

The quoted, WUCC Inferred Resource at Candy B is 9.7 million short tons at an average grade of 0.87% copper, with a further 1.9 million tons of 0.51% copper ore at East Candy B. The orebody appears to be open to the south.

Having Candy B ready for mining (including drilling, mine planning and pre-stripping) after Hidden Treasure is exhausted appears unreasonable, even with access to additional drilling equipment, and it is recommended that alternative targets be sought and prioritized for mining ahead of Candy B.

4.5.5 Updating the MDA model

It is important to update the Resource and Reserve models produced by MDA. The Feasibility Study was completed in 1998; hence the models created were based on the economic conditions of that year. It is likely that the economics and economic viability of the project will have changed materially.

Updating the models using the current and forecast economic conditions (essentially the medium- to long-term copper and iron price) has the potential to add value to the project and improve net present value.

The amount of additional work to complete this process is very much dependent upon the data that is available. Furthermore, the economics of the project lie in both the copper and iron in the WUCC deposits. The work could be seen as being two phases.

In very general terms, when MDA created the resource block models and ran optimization of the open pits using copper price as the economic driver, the output is a series of nested cones that lie around the ore, each successively larger cone representing a larger pit taking more, generally lower-grade ore as the

Table 4-3: Summary of exploration targets

Deposit/Target Area	Summary
Candy B Deposit	WUCC's primary target for mine production after Hidden Treasure. The company has carried out a recent RC drilling campaign on the deposit comprising approximately 20 holes intercepting ore. The mineralization is open to the south and requires further definition and infill drilling to prove up to reserve for mine planning purposes. *This drilling has defined an inferred 9.7 million tons at 0.89% copper, with a further 1.9 million tons of inferred resource, grading 0.51% copper in the East Candy B zone.*
Sunrise Deposit	The Sunrise deposit is adjacent to the Old Hickory Mine and is the highest-grade resource, reportedly averaging 2.72% copper with accessory gold and silver. While only the upper portion of the deposit has been drilled, Noranda penetrated ore at depth (3.77% copper). WUCC drilling has shown potential for a wider ore zone at depth. *Historic "indicated resource" (Joralemon) of 294,000 tons at a grade of 2.72% copper.*
Valley Copper Deposit	Anaconda drilled the deposit on approx 1,000 ft centers covering approx 2 square miles. Mineralization is c 0.5 miles wide and strikes c 1.5 miles with a depth of 850-3,000 ft. Average grades range from 0.6% to 0.8% Cu. *Historic "inferred resource" (Joralemon) of between 26.0 and 44.5 million tons grading over 1% copper.*
Old Hickory Mine	The mine was productive between 1906 and 1954, producing copper and tungsten. *Magnetic anomaly suggests copper mineralization may extend for a substantial length along strike beneath the overburden.*
Bawana and Bawana Extension	1,500 ft northeast of the Old Hickory Mine and along strike. Gold, silver and tungsten also reportedly occur in this deposit. *Historic "measured and indicated resource" from the Bawana extension to total 441,000 tons at a grade of 1.88% Cu and historic "inferred resources" of 766,000 tons at a grade of 1.82%.*
Mary I Deposit	*Historic "measured and indicated resource" of 1.1 million tons grading 0.345% Cu. The estimate was completed for Nevada Star.*
Big Wash Target	The target area is a three-km long, north-northwest trending linear aeromagnetic high, flanked on the north side by an aeromagnetic low. The orientation of the anomalies parallels the dominant mineralization of the MMB. The target is covered by overburden and has not been drilled. *WUCC believes that there is potential to host a porphyry copper and/or a large magnetic skarn.*
Cactus Target	The Cactus Zone (CZ) target encompasses the Cactus Copper-Tourmaline Zone (CCTZ) and the historic Cactus, New Years and Comet mines, in the central portion of the San Francisco district. It covers an area about one km long striking west-northwest. Outcrops in the south are mineralized CCTZ. *The target has not been drilled or otherwise tested.*